

## Message Text

CONFIDENTIAL

PAGE 01 JAKART 01836 090846Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGRE-00 ITC-01 STR-04

/088 W

-----090900Z 106820 /13

R 090803Z FEB 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9183

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

C O N F I D E N T I A L JAKARTA 1836

E.O. 11652: GDS

TAGS: EGEN, PFOR, ETRD, ASEAN, ID

SUBJECT: ECONOMIC COOPERATION IN ASEAN

REF: JAKARTA 01652

1. I CALLED ON DIRECTOR GENERAL FOR ECONOMIC AFFAIRS, AMBASSADOR ARIFIN, IN FOREIGN MINISTRY YESTERDAY. ECON/COMM COUNS ACCOMPANIED ME. DURING OUR CONVERSATION ON A VARIETY OF SUBJECTS, ARIFIN CONFIRMED WHAT WE HAVE PREVIOUSLY REPORTED REGARDING GOI INCLINATIONS TOWARDS ASEAN ECONOMIC COOPERATION, I.E. THAT INDONESIA HAS TO MOVE SLOWLY SINCE IT IS A LATE STARTER IN DEVELOPMENT AND THUS CANNOT MOVE TOO FAST ON INTRA-REGIONAL TRADING ARRANGEMENTS. ARIFIN THEN ADDED A NUMBER OF DETAILS THAT SHED FURTHER LIGHT ON GOI ATTITUDE AND ON WHAT HAD TRANSPIRED IN MANILA.

2. HE SAID THAT THERE HAD BEEN TWO IMPORTANT DEVELOPMENTS AS A RESULT OF THE UNANIMOUS ASEAN AGREEMENT AT BALI TO  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 01836 090846Z

PROCEED WITH PREFERENTIAL TRADE ARRANGEMENT ON A PRODUCT BY PRODUCT BASIS. UNDER THIS TRADE ARRANGEMENT MEMBERS WOULD MAKE LONG-TERM "QUANTITY CONTRACTS" WITH PREFERENCES FOR PROCUREMENT IN ASEAN COUNTRIES (MINISTER OF TRADE PRAWIRO HAD INDICATED SAME LAST WEEK). SECOND, MEMBERS WOULD BE PREPARED TO OFFER PREFERENTIAL INTEREST RATES FOR PURCHASES WITHIN THE ASEAN AREA. HOW-

EVER, AT THE MANILA MEETING AN UNDERSTANDING HAD BEEN REACHED TO EXTEND "MARGIN OF PREFERENCES" FOR AID DONOR COUNTRIES WHICH, HE EXPLAINED, COULD MEAN THAT IF A FOREIGN AID PROJECT IN INDONESIA REQUIRED IMPORT OF A CERTAIN RAW MATERIAL FROM THE PHILIPPINES EXTENSION OF TARIFF PREFERENCES WOULD BE APPROPRIATE.

3. REGARDING THE SINGAPORE-PHILIPPINE BILATERAL TARIFF AGREEMENT, ARIFIN SAID THAT FROM GOI VIEWPOINT SINGAPORE SHOULD HAVE CONSIDERED QUESTION WHETHER IT COULD MOVE AHEAD WITH ACROSS-THE BOARD TARIFF REDUCTIONS ON A BILATERAL BASIS IN THE LIGHT OF THE FACT THAT THE BALI AGREEMENT CALLS FOR A COMMODITY TO COMMODITY APPROACH. IF THE BALI AGREEMENT ON PREFERENTIAL TRADE ARRANGEMENTS IS CARRIED OUT, THE QUESTION ARISES WHETHER MEMBER COUNTRIES COULD IN EFFECT GO AHEAD WITH BILATERAL TARIFF AGREEMENTS WITHOUT CONFLICTING WITH THE COMMODITY BY COMMODITY APPROACH ENVISAGED IN THE BALI AGREEMENT. ACCORDINGLY ARIFIN QUESTIONED WHETHER SINGAPORE, THAILAND AND THE PHILIPPINES WOULD BE ABLE TO APPLY THE ACROSS-THE-BOARD TARIFF CUTS AND APPLY THEM ON A MFN BASIS TO OTHER ASEAN MEMBER COUNTRIES.

4. ON THE SUBJECT OF ASEAN PROJECTS, ARIFIN SAID MUCH WORK REMAINS TO BE DONE ON THE MANAGEMENT STRUCTURE OF THESE PROJECTS, AND EMPHASIZED THAT THE ASEAN COMMITTEE OF INDUSTRY WOULD NEED TO STUDY FEASIBILITY OF PRODUCING SPECIFIC ITEMS IN CERTAIN COUNTRIES AND HOW TO MARKET THESE ITEMS IN THE FRAMEWORK OF PREFERENTIAL ARRANGEMENTS.

CONFIDENTIAL

PAGE 03 JAKART 01836 090846Z

HE ALSO REITERATED GOI DESIRE TO MOVE AHEAD WITH CONSULTATIONS WITH THE EEC AND ALSO SAID HE WAS FAMILIAR WITH TALKING PAPER ON BILATERAL CONSULTATIONS WITH U.S. TRANSMITTED BY EMBASSY MANILA.

5. COMMENT: AS SEEN FROM HERE IT IS OBVIOUS THAT INDONESIA, WHILE DESIROUS TO COOPERATE WITHIN ASEAN, WANTS TO MOVE SLOWLY ON TARIFF REDUCTIONS AND PLACES MORE EMPHASIS ON PURSUING PREFERENTIAL PURCHASING. IT SEEMS TO US THAT A GREAT DEAL OF SORTING OUT REMAINS TO BE DONE BY THE ASEAN COUNTRIES IN THE AREA OF ECONOMIC COOPERATION, AND I WOULD AGREE WITH KUALA LUMPUR THAT U.S. INTERESTS WOULD NOT BE SERVED BY PUSHING TOO HARD AT THIS TIME FOR CONSULTATIONS. IF WE PUSH TOO HARD NOW IT COULD SET IN MOTION INTRA-REGIONAL DISAGREEMENTS THAT WOULD HINDER RATHER THAN HELP THE CAUSE OF ASEAN COLLABORATION. AT THE SAME TIME WE SHOULD CLOSELY MONITOR JAPANESE AND EC ACTIONS IN CONSULTING WITH ASEAN AND NOT OVERLOOK THE OPPORTUNITIES THAT BILATERAL CONSULTATIONS MAY PROVIDE FOR FUTURE U.S. TRADE AND

INVESTMENT INTERESTS IN THE AREA.

NEWSOM

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, RELATIONS WITH REGIONAL ORGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-Feb-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977JAKART01836  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770045-1259  
**Format:** TEL  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770259/aaaacahk.tel  
**Line Count:** 119  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 62e218c9-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 JAKARTA 1652  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 04-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3368123  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECONOMIC COOPERATION IN ASEAN  
**TAGS:** EGEN, PFOR, ETRD, ID, ASEAN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/62e218c9-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009